

CAL EXPO AND THE NBA ANNOUNCE AGREEMENT IN LETTER OF UNDERSTANDING

Former California Governor Pete Wilson and NBA Commissioner David Stern
Issue Joint Statement

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Representatives of the NBA and Cal Expo have been engaged in complex and fruitful negotiations for several months and have agreed upon a process for the next phase in the proposed development of a state-of-the-art arena, exposition facility and fair grounds at Cal Expo. The negotiating teams have agreed upon a letter of understanding (LOU) detailing actions to be taken by both parties over the next several months, that will be considered and voted upon by the full Board of Cal Expo at its upcoming meeting.

Under the terms of the LOU, both parties will work together to formulate a Request for Proposal (RFP) for the development of a world class entertainment and exposition destination that will set a new standard for green commerce and sustainability. In addition to our bilateral negotiations, Cal Expo and the NBA have engaged in hundreds of conversations with individuals, community groups, fans, and state and local officials about how best to serve the needs of the community, fairgoers, exhibitors, basketball fans, the Kings and the NBA. Through our negotiations and these discussions, as well as extensive professional analysis, we believe a project that meets the collective needs of all these constituents can be developed, and we are ready to move to the next phase in realizing our combined vision.

The LOU provides that over the next 180 days, Cal Expo and the NBA will work jointly and exclusively with one another to develop and release an RFP, meet with qualified developers and work with local and state officials to address the numerous environmental, traffic and land use issues inherent in a project of this magnitude. This represents a major commitment of resources on the part of the NBA and Cal Expo, in recognition of this historic opportunity to replace a deteriorating arena and Cal Expo infrastructure while maintaining the rich traditions embodied by the State Fair.

The Cal Expo site is a spectacular location to showcase the excitement and energy of NBA basketball within an exposition and fair facility dedicated to the rich agricultural heritage of the State of California -- a dynamic synergy joining two of the most compelling entertainment organizations in Northern California. Cal Expo and the NBA are realistic about the challenges facing the California and Sacramento economies, and agree that a joint development of the Cal Expo site provides a compelling and realistic opportunity to replace a deteriorating arena and state fair infrastructure.

We believe our vision is exemplary of Governor Schwarzenegger's emphasis on public-private partnerships, and we are committed to pursue a project that will set an international standard for

environmental innovation, conservation and sustainability, consistent with the environmental leadership emblematic of the State of California.

We are also committed to a project that can be developed and delivered without the need for new taxes, and our analysis to date suggests that the economic benefits of this project to greater Sacramento and the State of California would be substantial.

Phoenix, San Diego, St. Louis, Dallas and Los Angeles have all developed mixed-use sports and entertainment anchored districts, each of which has resulted in vibrant commercial villages that are highly attractive to residents and employers. Houston, Oakland, Santa Clara, Brooklyn, Philadelphia and Pittsburg are each in various stages of development and it is our intention to use similar models in Sacramento.

It is important to note that the LOU is not the definitive agreement for the development of the proposed project, and many difficult challenges await us in the months ahead. It does, however, take the State and the NBA to the next phase of this complex and exciting process, and puts us on a path toward selecting a suitable development partner that shares our vision and commitment to making this project a reality for Sacramento.

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